



## **AGENDA MEMORANDUM**

Action Item for the City Council Meeting October 26, 2021

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**DATE:** October 26, 2021

**TO:** Peter Zaroni, City Manager

**FROM:** Kevin Norton, Director of Water Utilities  
[Kevinn@cctexas.com](mailto:Kevinn@cctexas.com)  
(361) 826-1874

Josh Chronley, Assistant Director of Finance-Procurement  
[Joshc2@cctexas.com](mailto:Joshc2@cctexas.com)  
(361) 826-3169

<b>Amendment No. 2 Liquid Ammonium Sulfate Supply Agreement</b>
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**CAPTION:**

Motion to authorize Amendment No. 2 to Supply Agreement No. 1261 with Chemtrade Chemicals, LLC, for the continued purchase of liquid ammonium sulfate solution for the Utilities Department and to amend the unit price for liquid ammonium from \$204 per ton to \$219 per ton and increase the total contract amount by \$58,500.00 due to this higher cost per pound, with funding in the amount of \$29,250.00 available in the FY 2022 Water Fund.

**SUMMARY:**

This item is to approve Amendment No. 2 to Supply Agreement No. 1261 for liquid ammonium sulfate solution for the O.N. Stevens Water Treatment Plant and to amend Attachment B of the Bid/Pricing Schedule to the Agreement to change the unit price for Liquid Ammonium Sulfate Solution from \$204 per ton to \$219 per ton due to the increase in price for raw materials and freight. In October 2019, Amendment No. 1 increased the price from \$179 per ton to \$204 per ton and was approved by Council.

**BACKGROUND AND FINDINGS:**

The Liquid Ammonium Sulfate Solution will be used as a source of ammonia in the formation of chloramines to disinfect the treated water. Chloramination is the best

process to maintain a disinfectant residual in the City's long and extensive water distribution system. Disinfection of the drinking water is required for public health and welfare of the customers.

In 2019 when the first extension was exercised, the contract was amended to change the price from \$179 per ton to \$204 per ton. The price per ton has increased further due to increases in raw materials and freight. To exercise the second extension, the price needs to be amended from \$204 per ton to \$219 per ton. The anticipated cost of this price change for the duration of the second extension is \$58,500.00.

### **ALTERNATIVES:**

An alternative to approval of Amendment No. 2 to Supply Agreement No. 1261 with Chemtrade Chemicals, LLC, would be to have a request for bids conducted for Liquid Ammonium Sulfate Solution.

### **FISCAL IMPACT:**

The fiscal impact for Utilities in FY 2022 due to the price increase is estimated at \$29,250.00. The remaining estimated cost of \$29,250.00 will be budgeted during the annual budget process. The cost of the second extension of the contract is an amount not to exceed \$857,882.00 which includes \$799,382.00 for the additional term and \$58,500.00 for modifications made to Attachment B, therefore the revised value of this Supply Agreement is not to exceed \$2,359,146.00.

### **FUNDING DETAIL:**

Fund:	4010 Water
Organization/Activity:	31010 Stevens Filter Plant
Mission Element:	062 Treat Water
Project # (CIP Only):	N/A
Account:	520010 Purification Chemicals

### **RECOMMENDATION:**

Staff recommends approval of this motion authorizing Amendment No. 2 to Supply Agreement No. 1261 with Chemtrade Chemicals, LLC, for the purchase of liquid ammonium sulfate solution as presented.

### **LIST OF SUPPORTING DOCUMENTS:**

Amendment 2  
Executed Supply Agreement